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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/071,864	02/07/2002	Austin M. Long III	AL1515/4-2	1373

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EXAMINER
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HEWITT II, CALVIN L

ART UNIT	PAPER NUMBER
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3621

DATE MAILED: 04/21/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

10/071,864

Applicant(s)

LONG ET AL.

Examiner

Calvin L Hewitt II

Art Unit

3621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 07 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-3 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-3 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

**Status of Claims**

1. Claims 1-3 have been examined.

**Claim Rejections - 35 USC § 101**

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-3 are rejected under 35 U.S.C. 101 because the claimed invention lacks patentable utility.

3. Applicant's claims lack utility. Claims 1-3 are directed to an algorithm, however the algorithm is without practical application and does not produce a result. Hence the claimed invention does not produce useful, concrete and tangible result (*State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1600 (Fed. Cir. 1998)). Claim 1 is also rejected as it does not fall within the technological arts. All that is necessary to make a sequence of operational steps a statutory process within 35 U.S.C. 101 is that it be in the technological arts so as to be in consonance with the Constitutional purpose to promote the progress of "useful arts" (*In re Musgrave*, 431 F.2d 882, 167 USPQ 280 (CCPA 1970)).

***Claim Rejections - 35 USC § 112***

4. Claims 1-3 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

Applicant's claims recite determining a return with various date and weighting parameters. However, Applicant's Specification is directed to IRR or Internal Rate of Return and not to an arbitrary "return". Applicant's Specification also does not provide one of ordinary skill with a method for determining a return or an IRR (Specification, page 6, paragraph [0017], page 11, paragraph [0027]). Nor does determine a return using "a common start date" that is an "earliest start date in the portfolio". Claims 1-3 recite "algebraically" combining. "Algebraic" refers to equations with addition, subtraction, multiplication, division, and exponential expressions. Applicant on the other hand only discloses addition and subtract (Specification, page 13, paragraph [0030]).

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1-3 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Applicant's claims recite "determining a return" by "scaling a portfolio to a neutral weight portfolio". In order to make such a determination, Applicant uses the formula found on page six, paragraph [0017]. However, Applicant does not make clear the relationship between  $IRR_k$  and the formula, nor is a return actually calculated according to the claimed algorithm. For example, the Specification is silent as to the specific use of dates in the determining of a return. Regarding the formula, Applicant has not defined parameters  $k$ ,  $r_{pf}$ , and  $CF_{i,j}$ . The formula also refers to a scaling factor ( $f_s$ ) as a fixed constant when  $f_s$  clearly varies with  $j$ .

Claims 1-3 recite the limitation "the portfolio index" in limitation (f). There is insufficient antecedent basis for this limitation in the claims.

### ***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 1-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over Feldman U.S. Patent No. 6,640,204.

As per claims 1-3, Feldman teaches that a fund manager's performance over a period of time is determined by comparing the fund to a benchmark (e.g. index) (column 26, lines 34-37), where "performance" comprises "timing" and "selection" (column 26, lines 34-55). By Applicant's admitted prior art, a well known algorithm for deriving a manager's performance using benchmark, index, and selection parameters is the Attribution method of pages 3 and 4 of Applicant's Specification (Specification, pages 2-4, paragraph [0010]). The Algorithm determines a return for an index (i.e. portfolio scaled to a neutral weighting scheme), a return based on selection (i.e. portfolio with actual weights), a return based on timing (i.e. portfolio with neutral weights and actual start dates), determines a managers return by algebraically combining the index, timing and selection returns, and determines performance by subtracting the managers return from the index return (Specification, pages 2-4, paragraph [0010]). Therefore, it would have been obvious to one of ordinary skill to apply the well known method for determining attribution with the teachings of Feldman in order to analyze the contribution a manager makes to a fund's performance ('204, column 26, lines 20-33).

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***Conclusion***

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Journal of Financial Planning, Padgett, "Performance Reporting: The Basics and Beyond, Part 1"
- Real Estate Finance, Bradford et al., "Attributing manager value added to portfolio performance: A suggested improvement"

10. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Calvin Loyd Hewitt II whose telephone number is (703) 308-8057. The Examiner can normally be reached on Monday-Friday from 8:30 AM-5:00 PM.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, James P. Trammell, can be reached at (703) 305-9768.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks  
c/o Technology Center 2100  
Washington, D.C. 20231

or faxed to:

(703) 305-7687 (for formal communications intended for entry and  
after-final communications),

or:

(703) 746-5532 (for informal or draft communications, please label  
"PROPOSED" or "DRAFT")

Hand-delivered responses should be brought to Crystal Park 5,  
2451 Crystal Drive, 7th Floor Receptionist.

Any inquiry of a general nature or relating to the status of this application  
should be directed to the Group receptionist whose telephone number is (703)

308-14113.



Calvin Lloyd Hewitt II

March 29, 2005